



PURCHASE, SALE, AND DEVELOPMENT AGREEMENT

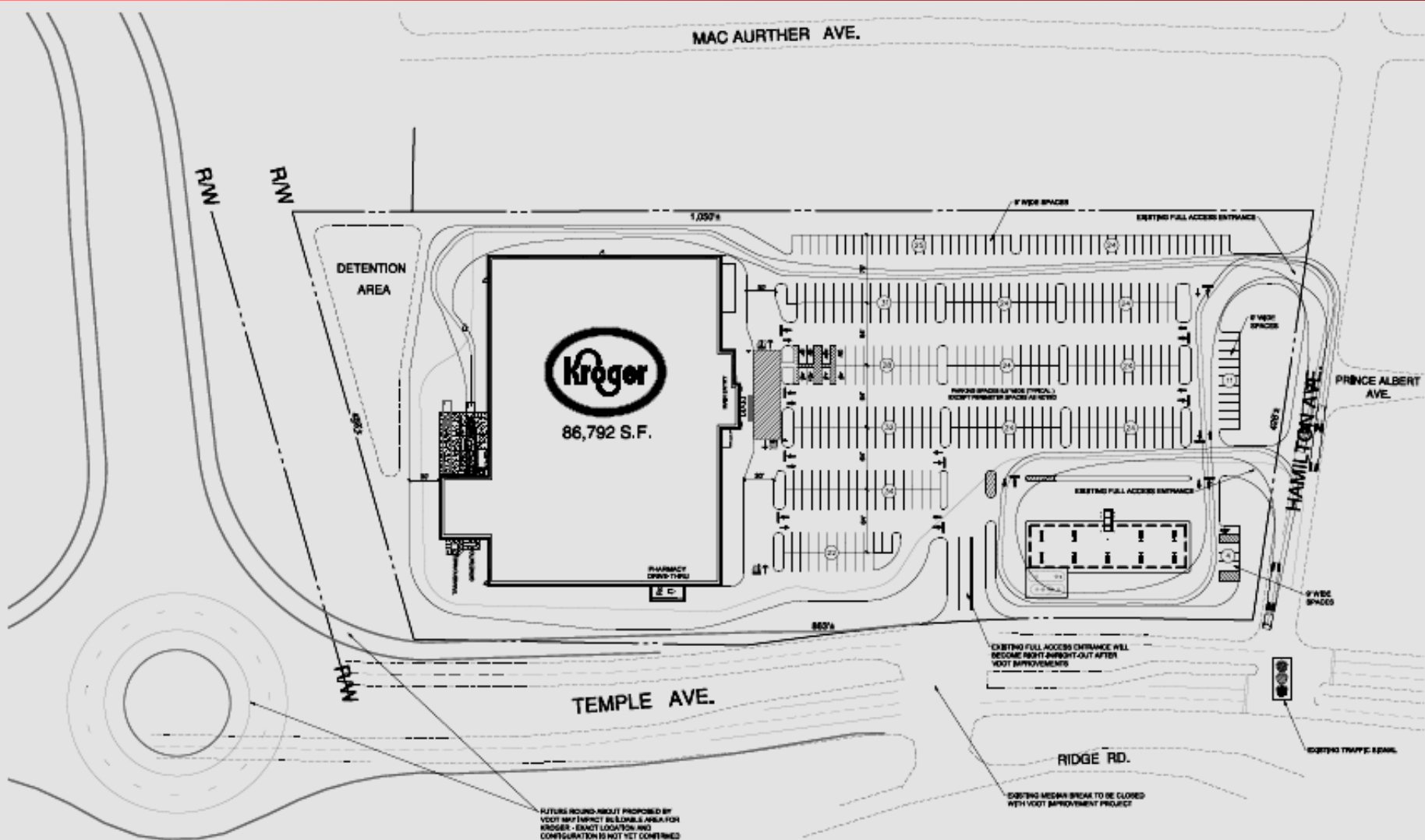
**THE CITY OF COLONIAL HEIGHTS AND
KROGER LIMITED PARTNERSHIP I**

SEPTEMBER 10, 2013

KROGER DEVELOPMENT AGREEMENT

The City has reached a unique Development Agreement with Kroger that commits both parties to a very specific project and timeline – and detailed assurances to both the neighborhood and community at large about the future use and development of this property







KROGER DEVELOPMENT AGREEMENT

Land Sale/Acquisition

Kroger Store Elements

Transportation/Access/Safety

Adjacent Residential Neighborhoods

Project Timing

Non-Assignable Agreement

Reversion Clause

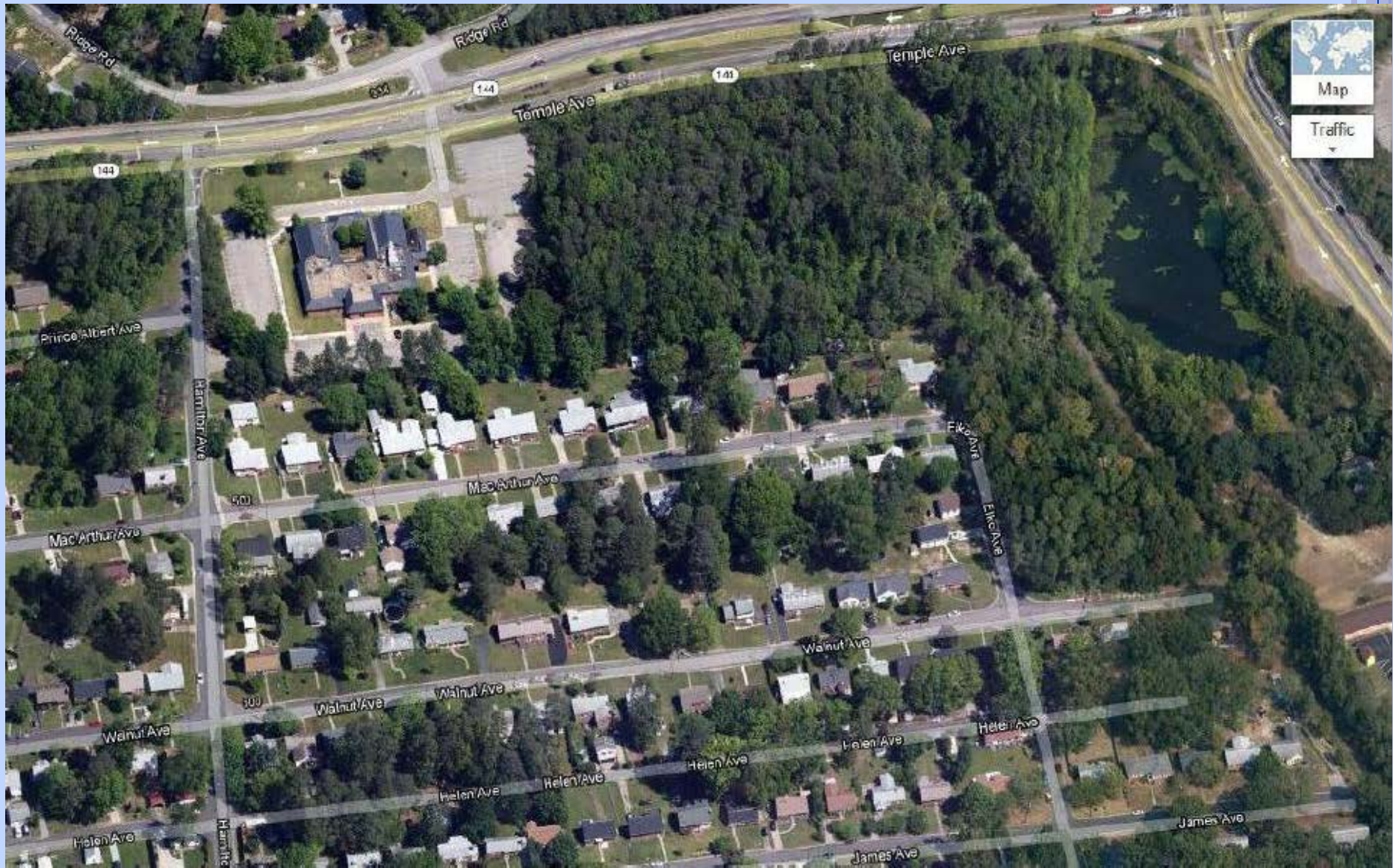


KROGER DEVELOPMENT AGREEMENT

Land Sale/Acquisition

- Kroger will pay the City a base price of **\$2,600,000** for the property at 401 Temple Avenue, the site of the existing Courthouse (Payment will be cash, less costs, at Closing, scheduled for March 11, 2014) – although there is also other significant financial value gained by the City with this Agreement. (Article I; Section 1.1 – Page 1)





Map

Traffic



Map

Traffic

KROGER DEVELOPMENT AGREEMENT

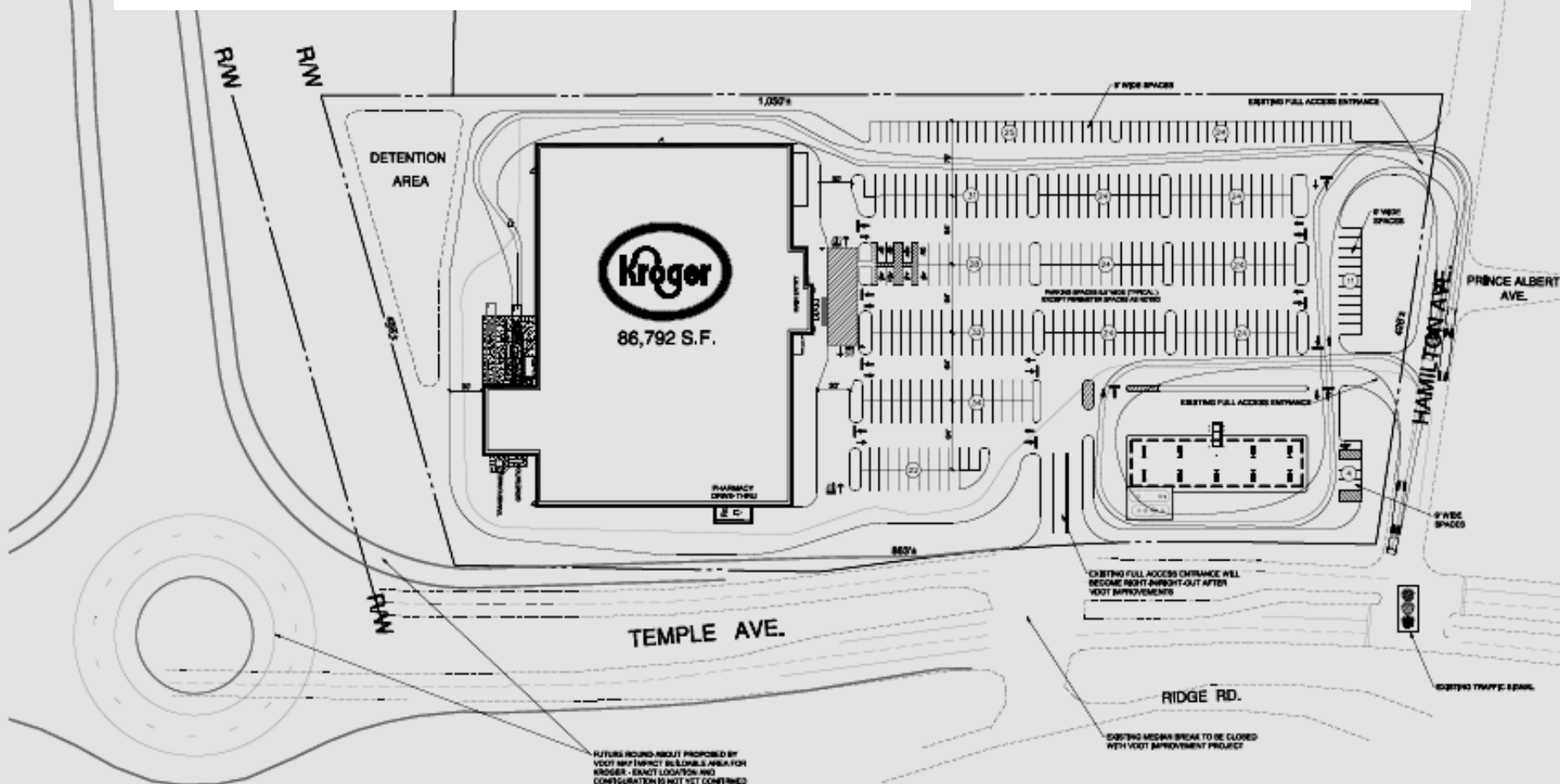
Kroger Store Elements (Article VII; Section 7.1 – Page 7)

- Kroger will construct a new multi-department grocery store with total gross floor space under roof of at least **86,000** square feet which will include a **pharmacy, organics, natural foods, bakery/deli**, and a **fuel center**
- The proposed store is the same size as the Short Pump Kroger and is 25,000 sf larger than the Chester store at Breckenridge Square (An even larger store is possible, but final property dimensions will be the determining factor)*



**Not specifically delineated in agreement document*





KROGER DEVELOPMENT AGREEMENT

Kroger Store Elements (Article VII; Section 7.1 – Page 7)

- Kroger will invest at least **\$8,000,000** in the construction of the new store and acquisition of new personal property.
- The new Kroger store will create at least **two hundred (200) new jobs** in the city, including **forty (40) new full-time** positions
- The existing Courthouse will be entirely demolished and removed from the site, likely in the spring of 2014*



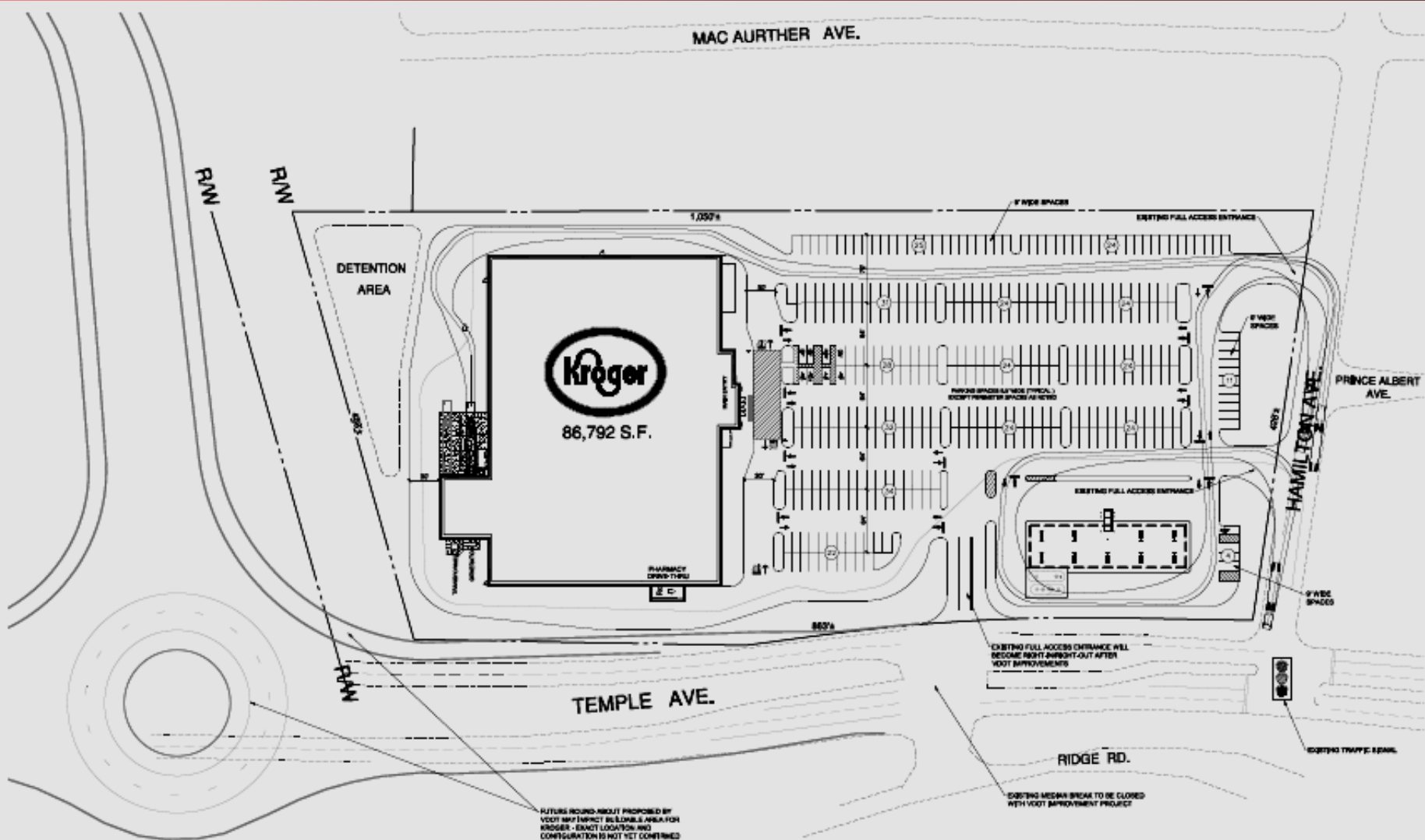
**Not specifically delineated in agreement document*

KROGER DEVELOPMENT AGREEMENT

Transportation/Access/Safety

- Prior to developing final plans for the project, Kroger will complete a **traffic study** of the area, analyzing all appropriate transportation issues including but not limited to traffic, capacity, safety, and recommended improvements. All such improvements determined necessary by the traffic study will be constructed. (Article VII; Section 7.2(i) – Page 7)





KROGER DEVELOPMENT AGREEMENT

Transportation/Access/Safety

- Kroger is also committed to providing new traffic signalization at the Temple Avenue/Hamilton Avenue intersection, including the installation of **lighted/signaled pedestrian crossings**, markings, and traffic signing. (Article VII; Section 7.2(ii) – Page 7)



KROGER DEVELOPMENT AGREEMENT

Transportation/Access/Safety

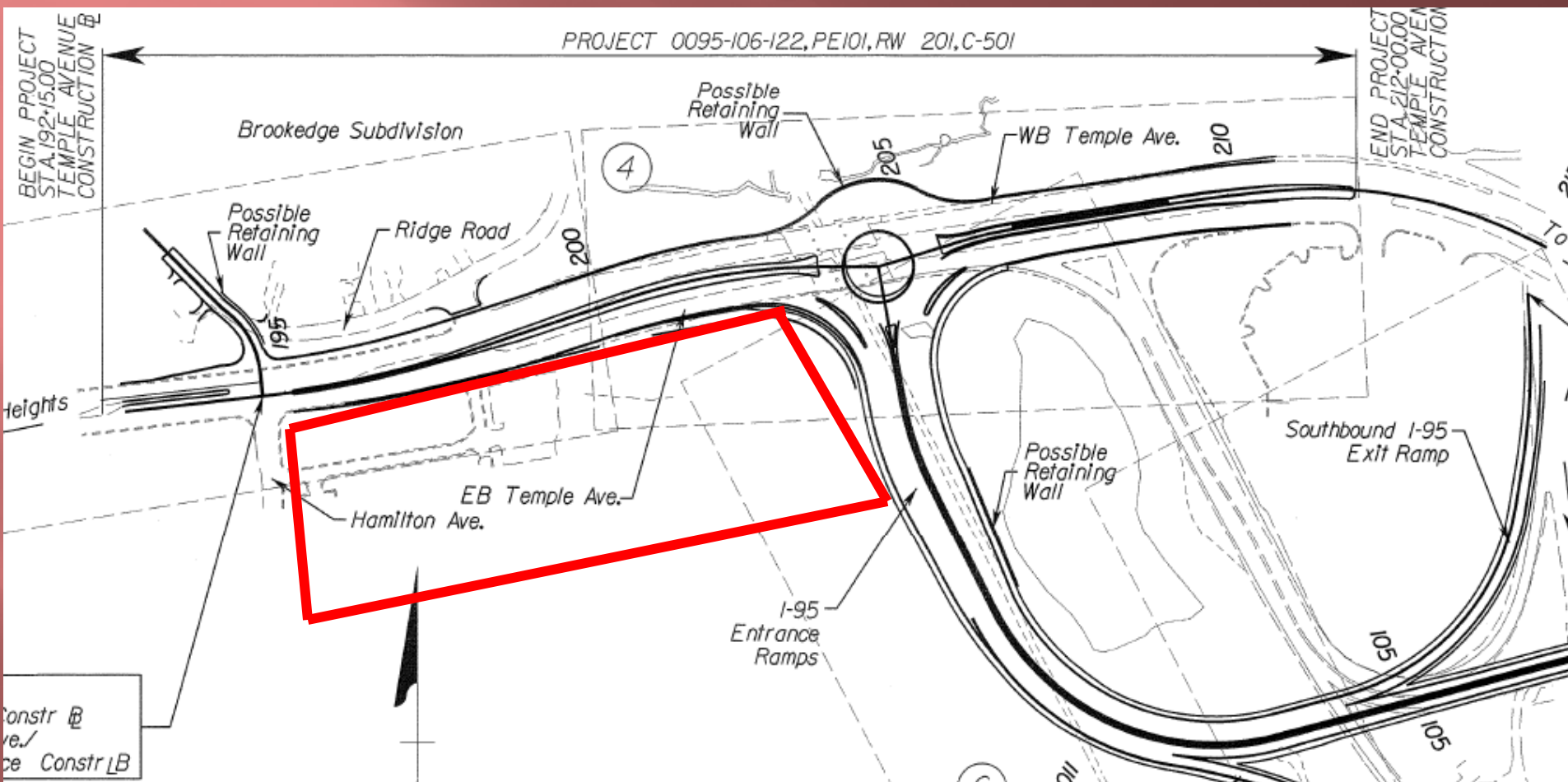
- Adjacent to the Kroger project, the Virginia Department of Transportation (VDOT) is currently developing plans for a “round-about” intersection to be constructed at the intersection of I-95 and Temple Avenue. The City Council has previously stated their support for this project; and Kroger is aware of the current plans (and VDOT is aware of Kroger’s plans). The City is confident that both of these projects can be constructed in a way that is mutually beneficial – and a positive addition for the City.*



**Not specifically delineated in agreement document*



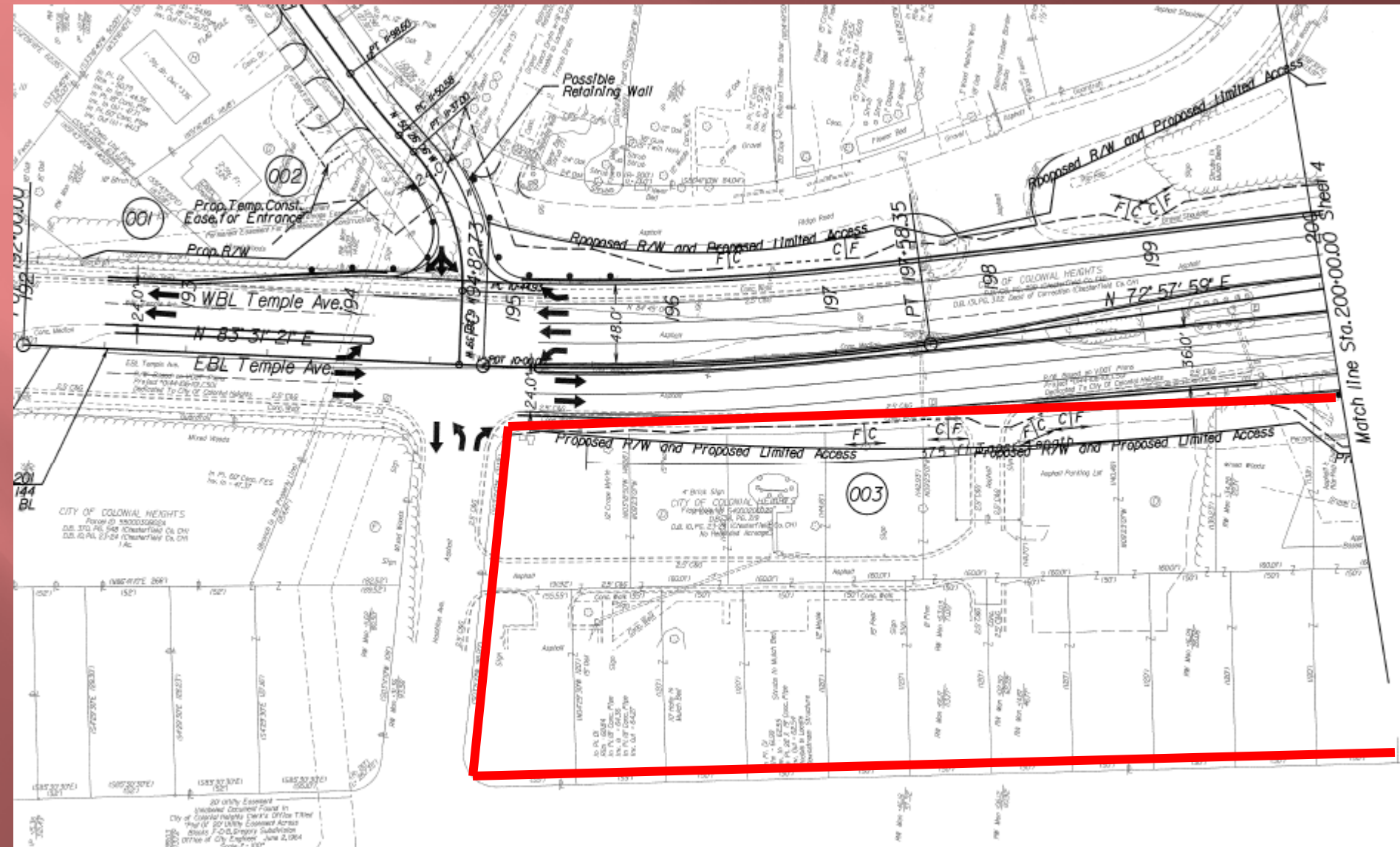
VDOT RTE-95 INTERCHANGE IMPROVEMENT/ROUNDAABOUT



Engineering plan view of a proposed roundabout interchange at Station 10+00.00. The drawing shows a central roundabout with a 12' max traffic apron and a 16ft bypass. A red line indicates a "POSSIBLE AREA FOR WO BMP" (Without Best Management Practice). The plan includes various labels for "Proposed Limited Access", "Traffic Apron (width varies)", "Traffic Separator", and "R=150ft" curves. Stationing is marked along the main road axis, and various engineering notes and property lines are shown.

VDOT (Division) or Co. Name
(Location), Virginia
(TECHNICAL DISCIPLINE)

VDOT RTE-95 INTERCHANGE IMPROVEMENT/ROUNDAABOUT



KROGER DEVELOPMENT AGREEMENT

Transportation/Access/Safety

- Kroger will also provide for the design and construction of other infrastructure including but not limited to sidewalks and/or public walking areas, water and sewer utilities, pavement, curb & gutter, drainage, and pavement as mutually deemed appropriate or necessary. (Article VII; Section 7.2(iii) – Page 7-8)



KROGER DEVELOPMENT AGREEMENT

Adjacent Neighborhoods (Article VII; Section 7.4 – Pg 8-9)

- On the southern boundary of the property immediately adjacent to existing residential properties, Kroger will provide a buffer zone of **fifteen (15) feet** from the property line wherein no permanent structures will be located; and will erect a privacy fence at least **eight (8) feet** in height. (Article VII; Section 7.4 – Page 8-9)



KROGER DEVELOPMENT AGREEMENT

Adjacent Neighborhoods (Article VII; Section 7.4 – Pg 8-9)

- Kroger will develop plan to provide appropriate, safe, and effective nighttime lighting, but not adversely affect the neighborhood or create “light pollution”
- The Colonial Heights Kroger will **not** be a 24-hour store; and none of its operations will be open for business between the hours of 12:00am (EST) and 5:00am (EST).
- Kroger will be limited to one masonry-encased monument sign no taller than 18-feet from ground level (aside from signage attached to the building).



KROGER DEVELOPMENT AGREEMENT

Project Timing

- Kroger is committed to begin construction on the new store no later than December 31, 2014; and to be open for business no later than December 31, 2015. Current plans, however, are for construction to begin as early as next summer, which would provide for a store opening in the summer of 2015. (Article VII; Section 7.5 – Page 9)



KROGER DEVELOPMENT AGREEMENT

Project Timing

- Assuming they proceed with the project and acquisition of the property at the end of the due-diligence period, **Kroger is contractually committed to a very specific development plan** as defined above. Kroger cannot substantially change the project nor sell the property without the City's consent



Article VII; Section 7.5 (Page 9)

Project Timing. Purchaser shall commence construction on the Project as described herein no later than December 31, 2014; and the Kroger grocery and multi-department store will be open for business no later than December 31, 2015. Purchaser shall not be obligated to build or operate the project contemplated herein. If Purchaser does not commence construction or open for business then Seller shall have revision rights as described in 7.7 herein.



KROGER DEVELOPMENT AGREEMENT

Project Timing

- Kroger must build the project as described and cannot transfer the agreement nor sell the property without the City's consent.

Article VII; Section 7.6 (Page 9)

Non-Assignable. Purchaser expressly agrees that prior to completion of the Project as described herein, the benefits of this Agreement in favor of Purchaser may not be assigned to any party, nor may the Purchaser's duties and responsibilities be delegated to any party, without the express written consent of the Seller; and the property shall not be sold to any other party without the Seller's express written consent. . . .



KROGER DEVELOPMENT AGREEMENT

Project Timing

- If Kroger has not commenced construction on this project by December 31, 2014, the City will have the option to buy-back the property at a reduced price.



Article VII; Section 7.7 (Page 9)

Reversion. Seller retains and preserves its right to re-acquire the Premises if Purchaser has not commenced construction of the Project by December 31, 2014, . . . Seller at its option may elect to "buy-back" the property at a total purchase price of Two Million Four Hundred Thousand Dollars (\$2,400,000.00) any time prior to Purchaser commencing construction of the Project. As used herein, "commencing construction" means the pouring of footers for the grocery store. Seller's right to re-acquire the Premises as set forth in this Section 7.7 shall be Seller's sole remedy in the event Purchaser does not pursue the Project . . .



KROGER DEVELOPMENT AGREEMENT

Other

- The City is providing **no development incentives** to Kroger – tax abatement, grants, etc. - to facilitate this project.
- Substantial new annual revenue for City and CH Public Schools
- Proceeds from sale will provide an opportunity for the City to address unfunded capital needs and reinvestment into essential city infrastructure and services.



KROGER DEVELOPMENT AGREEMENT

Specific assurance to the neighborhood and general citizenry what will be built and when it will be built.

.....

National name-brand development partner with proven track record and high-quality services/product

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Project is appropriately sensitive to issues relating to adjacent residential neighborhoods

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Will provide significant economic benefit through job creation & annual revenue generation for the City

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Transportation/safety improvements for neighborhood; and enhanced benefits from VDOT Project

.....

City and neighborhood is protected if project does not proceed as planned





KROGER DEVELOPMENT AGREEMENT

Q&A

